

ASX ANNOUNCEMENT

ASX: RBO | 31 October 2017

Operational Update and September 2017 Quarterly Report

Robo 3D Limited (“**Robo**” or the “**Company**”), the emerging company delivering award-winning products for the desktop segment of the 3D printing industry, provides the following operational and financial performance highlights to accompany its Appendix 4C for the three months ending September 2017.

OPERATIONAL HIGHLIGHTS

- Transformative quarter for Robo with the release and delivery of the much-awaited Robo R2
- Pre-order pipeline of \$2.0 million announced
- Continued expansion of sales footprint in the USA with signing of major education-focused distributor, CDW
- International expansion with major distributors signed in India and The Netherlands, expanding international distribution into over 20 countries
- Successfully showcased at largest European trade event for the 3D printing industry, TCT in Birmingham, UK
- Strong demand for R2 printers via retail and education channel partners as they gear up for important holiday/Christmas promotions and school buying cycles for 2018

FINANCIAL HIGHLIGHTS

- Unaudited quarterly revenue of \$1.4 million, well above prior quarter and largest September quarter revenue in Company’s history
- On track to surpass full year FY17 revenue of \$3.2 million in the first half of new financial year
- Unaudited revenue of \$810k for the month of July, record monthly revenue since listing and third largest monthly revenue in the Company’s history
- Strong revenue growth highlights contribution from Robo R2 since general release
- Year to date revenue for 2017 of \$3.0 million to the end of September 2017
- Cash receipts of \$914k in September quarter highest since listing, expected to accelerate given pre-orders
- Expanded inventory purchasing program required to deliver large pre-orders, and drive anticipated revenue growth during critical December quarter
- Continued emphasis on working capital management reflected by reduction in operating expenses to \$1.4 million for the quarter
- \$0.1 million cash at bank plus \$250k in undrawn loan facility at quarter end
- \$600k raised via placements subsequent to quarter end, along with announcement of a 1-for-8 pro rata entitlements issue to raise additional \$1.5 million
- Ongoing processes regarding the opening of USA trade finance facilities to provide non-dilutive capital

General Comments:

The Company has been systematically executing its corporate strategy against the four strategic objectives and is pleased with the progress it is making against these, as highlighted in the table below:

Strategic Objective	March 2017 Qtr	June 2017 Qtr	September 2017 Qtr
Increase presence in education markets	<ul style="list-style-type: none"> Signed Wynit as USA distributor Best Buy for Education partnership 	<ul style="list-style-type: none"> Signed Chromebook re-seller Promevo for USA education strategy Opened 20 new school districts 	<ul style="list-style-type: none"> Signed leading education distributor, CDW Opened 15 new school districts Exclusive education trade events with Best Buy for Education
New customer growth	<ul style="list-style-type: none"> Opened retail accounts at Target, Microsoft, Office Depot; Re-sellers opened in Turkey, Italy, Poland, Mexico, Venezuela, Argentina 15 new re-sellers opened in USA 	<ul style="list-style-type: none"> Signed Synnex as distributor in Canada Opened retail accounts in Canada with Best Buy, Staples, NCIX, and The Source First European Distributor (France) 20 new re-sellers opened in USA 	<ul style="list-style-type: none"> New distributor for Benelux New distributor for India Sales representatives expanded to cover 20 countries 15 new re-sellers opened in USA
Existing customer expansion	<ul style="list-style-type: none"> Expanded into Amazon in UK, Spain, Germany, France, Italy 	<ul style="list-style-type: none"> Staples C2 roll-out in retail stores Microsoft in-store demos 	<ul style="list-style-type: none"> Monthly committed re-orders from key international distributors Commencement of R1+ exclusive with Amazon, now selling 3 printer models
Product innovation	<ul style="list-style-type: none"> Launched C2 smart 3D printer Foxconn manufacturing agreement Simplify3D integration Released Robo app for iOS 	<ul style="list-style-type: none"> Launched R2 Good Design Award winner 	<ul style="list-style-type: none"> Integration with Palette+, the multi-colour filament system Amazon Alexa integration Agreement to distribute ColorFabb filament into USA

As the table highlights, Robo is executing a corporate strategy to actively diversify from being a one-product, USA-centric business, to a business with a diversified product portfolio, global distribution footprint, and a premium brand that has had the benefit of almost five years of exposure.

With the Robo C2 and the Robo R2 fully available, with the addition of the relaunched Robo R1+, the Company is now positioned to accelerate its sales growth. In addition, given the ongoing discussions with a number of new sales and distribution partners, the Company expects to continue to expand its global distribution reach.

Combined with the support of marketing campaigns including advertising, social media, and PR efforts, the Company expects to continue to deliver against these strategic objectives throughout the second half of the 2017 calendar year, which is typically the stronger half of the year on a revenue basis given the influence of the education buying season in the USA, the Thanksgiving weekend in the USA during November, and the Christmas holiday period through December.

Operational Highlights

Robo entered the September quarter with strong momentum achieved from the delivery of pre-orders for the Robo R2 obtained prior to its general release.

The Company continues to see really strong growth opportunities in the US market, particularly in the education segment with the support of its strategic partners, and strong demand from 3D printing (and related) specialist distributors and re-sellers. The demand for 3D printers is expected to continue to grow at 50-100% per annum this year, and based on the Company's experience, we are positive of seeing this trend continuing.

On the retail side in the USA, the industry has seen a softening in demand from traditional retailers caused by the rising influence of online retailers, particularly Amazon, in line with broader retail trends.

Fortunately for Robo, the Company has a long-standing relationship with Amazon that we continue to foster, and which we are particularly enthused about with the Robo R2 now available and selling strongly. In addition, in partnership with Amazon, Robo has re-launched its Robo R1+ model 3D printer, to be sold exclusively by Amazon, which commenced pre-selling during October 2017.

The following is a summary of the key operational highlights for the September 2017 quarter:

Sales:

- Following strong demand for its new 3D printers, notably the Robo R2, the Company announced on 10 September 2017 that it had received higher than anticipated pre-orders of c. \$2.0 million.
- Established partnership CDW Corporation ("**CDW**"), the multi-brand technology solutions provider to education, business, government, and healthcare organisations in the United States, Canada, and the United Kingdom. CDW is a NASDAQ-listed, Fortune 500 company that generated nearly US\$15 billion of sales last financial year, and employs roughly 8,800 employees globally, making it a key driver for Robo's growth. The partnership further enhances Robo's expansion into the K-12 and tertiary education markets, with a strong focus on providing premium STEM and STEAM solutions for all their clients across the U.S.—including some of the largest school districts in the country.
- Distribution agreement with ColorFabb B.V. ("**colorFabb**") for sales and distribution expansion into the Netherlands, Belgium, and Luxembourg. Simultaneously, Robo also agreed to become a re-seller of colorFabb's vast range of premium filament products, providing Robo with complementary products to sell into its emerging "prosumer" and professional customer segment.
- Executed a distribution agreement with Novabeans Prototyping Labs LLP ("**Novabeans**") for sales, distribution, and support into India. With a presence across 16 locations throughout India, Novabeans is the leading provider of the most advanced and comprehensive 3D design-to-manufacturing solutions including 3D printers, 3D scanners, 3D printing pens, 3D printing materials, 3D printing training workshops, 3D printing school kits, 3D printing professional support, made to order 3D design, 3D printing consultancy and services in India.

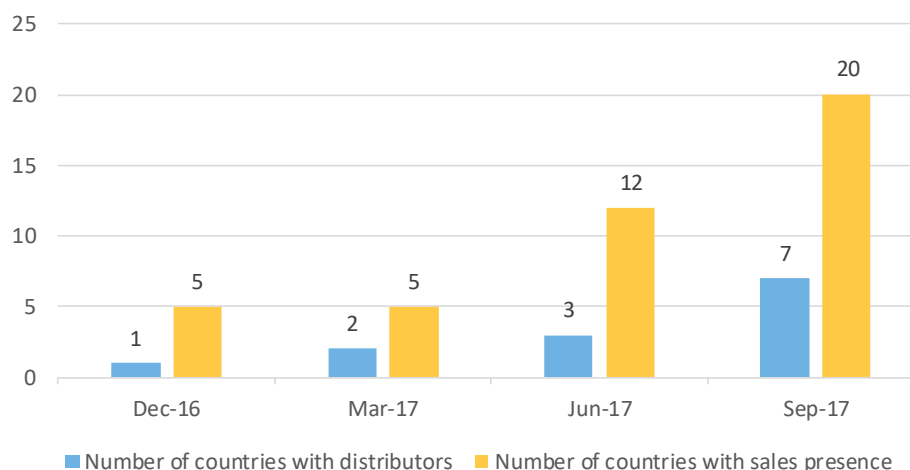
Since the Company’s listing in December 2016, Robo has successfully expanded its sales and distribution presence into 20 countries (including our home market of the USA), adding sales channel partners as follows:

New international sales channels added				
Quarter end	Dec-16	Mar-17	Jun-17	Sep-17
New sales channel partners added	Australia (R) Canada (R) Mexico (R) Poland (R)	Canada (D) (A) Mexico (R)	Argentina (R) France (A) France (D) Italy (A) Spain (A) Turkey (R) UK (A) Venezuela (R)	Belgium (D) Brazil (R) Croatia (R) Greece (R) India (D) Israel (R) Italy (R) Luxembourg (D) Netherlands (D) Poland (R)

Notes

D: Distributor
R: Reseller
A: Amazon

Robo Sales Presence



Commenting on this progress, Ryan Legudi commented “With the funding raised from our listing in December 2016, we set out to establish our sales presence in international markets, which we recognised as providing significant revenue upside given our historically low penetration (<5% revenue) outside of the USA. We set ourselves a target of establishing partners in 25 countries by the end of 2017, and with the progress already made since the establishment of our international sales team in March 2017, we are well on track to achieve this goal. This is an important strategic lever for our business, as opening these international markets will deliver material new revenue for our business, and cement ourselves as a leading brand in the fast-growing global 3D printing industry.”

The Company continues to actively pursue select new distributors and re-sellers, as well as strategic partners, as it looks to continue expanding its footprint in leading international markets in Europe and Asia.

Marketing:

- Robo attended its first ever international trade show, TCT Show in Birmingham UK between September 26-28. Dedicated to accelerating the adoption of 3D technologies across various industries, and due to the surging demand for 3D printing in the EU, TCT Show brought together thousands of visitors from over 60 countries around the globe.
- Supporting these initiatives, Robo received increased media interest through the September quarter, featuring in a range of tech blogs in the USA including Inc.com, thenextweb.com, trendintech.com, and has been working with a number of prominent groups for independent product reviews.
- Beta testing of new robo3d.com website, which was launched in later October 2017
- The Company continued to expand its social media presence:
 - Facebook: 110,000+ followers
 - Instagram: 16,500+ followers
 - Email: 23,000+ email distribution list
 - YouTube: 1,800 subscribers

Product:

- The Company reported that production capacity at Foxconn reached a yield of over 80% off the production line, and reached a maximum of 80 units per day, highlighting that there will be no supply constraints in the foreseeable future.
- Continued updates to the Robo App for iOS were released through the quarter, with beta testing of the Android version underway.
- Integration completed with Amazon Alexa product to enable voice command to control Robo 3D printers
- The Company is continuing to pursue a strategy of diversifying its product suite, with new hardware and software product development underway, including some joint venture opportunities.

People:

- There were no new roles created through the September 2017 quarter.

Corporate:

- The sharp uptake in demand necessitated an immediate capital injection to seize this momentum and accelerate the growth curve of the Company in September 2017. In particular, higher than anticipated pre-orders for delivery before the end of October 2017 required an additional production run to be completed.
- As a result, Robo completed a capital raising in September to accelerate sales and production efforts, raising \$400,000 at an issue price of A\$0.060 per share, resulting in the issuance of 6,666,667 new Robo shares. An additional 6,666,667 options, with a two-year exercise period and an exercise price of \$0.060 per share will also be issued, subject to shareholder approval at the Company's next General Meeting.
- Simultaneously, Robo entered into a Convertible Note Agreement to receive \$400,000 from the issuance of a new convertible note issued under the Company's existing placement capacity, with

an additional \$1.0 million convertible note to be drawn, subject to mutual agreement. On 17 October 2017, the Company announced it had terminated this Convertible Note Agreement without drawing any funds, and issued 2.0 million options as settlement.

- Subsequent to quarter end, the Company announced that it had completed a placement of \$200,000 at an issue price of \$0.045 per share, and announced a 1-for-8 pro rata entitlement issue to raise \$1.5 million at an issue price of \$0.045 per share.
- Following arbitration proceedings, the Company agreed to settle a legal claim with Dr. Alexander Nawrocki, a previous advisor to the Company, via the issue of 2.0 million new shares in the Company.

FINANCIAL HIGHLIGHTS

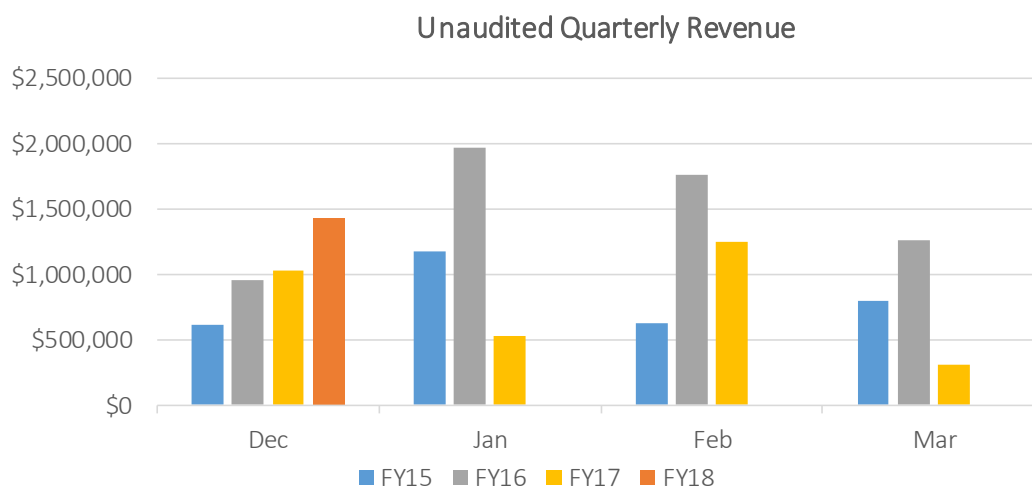
Robo is pleased to provide additional commentary on its financial performance for the quarter ended 30 September 2017.

As described above, the Company has been aggressively expanding its sales and distribution footprint following the release of its new range of 3D printers. The strong momentum in sales is largely attributable to the release of these products, which bring industry leading innovation to the table.

As a result, revenue for the September 2017 quarter reflects the first full quarterly benefit of Robo having all its new products available for sale, with Robo R2 only becoming available for sale during the month of June.

Pleasingly, the Company can report that it recorded unaudited revenue of \$1.4 million for the September quarter, c. 25% higher than the prior September quarter and the Company's highest quarterly revenue since listing. In addition, unaudited revenue of \$810k was generated during the month of July 2017, the third highest monthly revenue in the Company's history, highlighting the impact of the additional products on sale.

The Company expects the continuation of this strong revenue growth contribution from Robo R2 sales through the remainder of the second half of 2017.



Robo is very pleased to report the following based on its unaudited management accounts:

- Unaudited revenue of \$1.4 million for the quarter (noting that June 2017 quarter includes significant audit related adjustments from prior periods).
- Cash receipts of \$914k for the September 2017 quarter, highest cash receipts since listing.
- Monthly revenue of \$810k for July 2017.
- Revenue for the nine months ending September 2017 of \$3.0 million.
- On track to surpass full year FY17 revenue of \$3.2 million in the first half of new financial year.
- Continued emphasis on working capital management reflected by reduction in operating expenses.

As a result, the Company ended the September 2017 quarter with \$0.1 million cash at bank, plus an additional undrawn amount of \$250k of its Trade Finance Facility. Following quarter end, the Company announced the completion of a \$200k placement to an overseas family office, and concurrently announced 1-for-8 pro rata Entitlements Issue to raise up to \$1.5 million from existing shareholders. In addition, the Company advised that it received firm commitments of \$1.1 million for any shortfall from the Entitlements Issue.

The Company notes it is reliant on the completion of the capital raising to meet its current operating budget, and adds that if subsequent drawdown conditions for the remainder of the undrawn Trade Finance Facility are not met, and further drawdowns are not provided when requested by the Company, or alternative working capital sources cannot be found, there may be a deficiency in working capital.

Section 9: Estimated Cash Outflows for Next Quarter

It is important to note that this section does not include the benefit of the realisation into cash of existing inventory on the Company's balance sheet at September 2017, nor the benefit of any cash receipts from customers expected during the next quarter.

Closing Comments

Robo is continuing to aggressively expand its customer base and broaden its distribution and reach, while continuing to explore opportunities with major distribution partners in the USA and internationally. In addition, the Company is focusing on driving strategic commercial partnerships in a number of industry verticals, particularly the education sector. Further updates will be provided once commercial agreements are executed.

The Company continues to be extremely encouraged, and is thankful, for the ongoing support it has received from its shareholders, many who share Robo's vision for the future of the desktop segment of the 3D printing industry.

The Board is excited about the opportunity available to Robo, as the Company continues to focus on its four key strategic goals: growing existing customers, adding new customers, increasing its presence in the education sector, and delivering industry leading product innovation.

— ENDS —

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included on this announcement including, without limitation, statements regarding future plans and objectives of Robo, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Robo that could cause actual results to differ from the results expressed or anticipated in these statements.

Further information

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About Robo 3D Limited

Robo 3D Limited (**ASX.RBO**) is a company based in California, USA, focused on the design and distribution of 3D printers and associated products for the desktop segment of the 3D printing industry (**Robo**).

The company was founded in 2012 by a group of students from San Diego State University and delivered its first model to customers in 2013. Since then, Robo has grown into a leading brand in the desktop segment of the 3D printing industry, gaining significant traction online and through retail partners including Amazon and Best Buy. Robo commenced trading on the ASX on 22 December 2016.

To learn more about Robo 3D, visit: www.robo3D.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ROBO 3D LIMITED

ABN

20 009 256 535

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months)* \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	914	914
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,513)	(1,513)
(c) advertising and marketing	(223)	(223)
(d) leased assets		
(e) staff costs	(773)	(773)
(f) administration and corporate costs	(449)	(449)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	43	43
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,001)	(2,001)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

+ See chapter 19 for defined terms
1 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months)* \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	113	113
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired in acquisition transaction)	-	-
2.6 Net cash from / (used in) investing activities	113	113

3. Cash flows from financing activities	-	-
3.1 Proceeds from issues of shares	400	400
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	516	516
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	916	916

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,051	1,051
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,001)	(2,001)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	113	113

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months)* \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	916	916
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	79	79

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	79	79
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	79	79

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	115
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payments to Robo 3D Limited Directors and related entities for the September 2017 quarter.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Amounts paid to Director related entities with respect to corporate advisory activities carried out during the September 2017 quarter.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	750
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Trade Finance Facility with Denlin Nominees (see announcement 19 June 2017 titled "Sales Growth to Accelerate with Completion of A\$1.8m Funding" for full loan details)

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	1,689
9.3 Advertising and marketing	159
9.4 Leased assets	2
9.5 Staff costs	696
9.6 Administration and corporate costs	341
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,887*

* The above estimated cash outflows for the next quarter does not take into consideration any cash inflows from the normal course of business.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals – N/A
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date:31 October 2017.....
(Company secretary)

Print name:Justin Mouchacca.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.